UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1992/45
19 March 1992

ORIGINAL: ENGLISH

Thirty-ninth session
4-29 May 1992, Geneva
Item 11 of the provisional agenda

OTHER MATTERS

Senior management structure

Report of the Administrator

SUMMARY

The present report has been prepared in response to Governing Council decision 91/43 of 25 June 1991.

Part I outlines the legislative background, as well as the context in which efforts to improve effectiveness and efficiency within UNDP have been undertaken. It also describes the consultative process which preceded the present report. Part II describes modalities aimed at strengthening the policy and strategy formulation capacity of the United Nations Development Programme and the evaluation function while part III deals with issues relating to improved programme quality and accountability. Part IV describes the pilot exercise in enhanced divisional management and part V outlines the structure and functions of the new Bureau of External Relations. Part VI responds to the specific request concerning the legal status of the Governing Council secretariat. Part VII addresses those issues relating to the Office for Project Services and the senior management structure, while information relating to other aspects of the operations of OPS is contained in annex III.

92-12921 3306b (E) 160492 200492

/...

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 8	3
II.	POLICY AND PLANNING	9 - 20	5
	A. Formulation of strategy	13 - 18	6
	B. Evaluation	19 - 20	8
III.	IMPROVED PROGRAMME QUALITY AND ACCOUNTABILITY	21 - 34	8
	A. Reorganization of the Bureau for Programme Policy and Evaluation	21 - 25	8
	B. Establishment of the Division for Europe and the Commonwealth of Independent States	26	10
	C. Project and programme review and appraisal processes and internal quality control mechanisms	27 - 29	10
	D. Decentralization	30 - 34	11
IV.	ENHANCED MANAGEMENT AT HEADQUARTERS AND IN THE FIELD	35 - 40	13
V.	EXTERNAL RELATIONS	41 - 42	14
VI.	LEGAL STATUS OF THE GOVERNING COUNCIL SECRETARIAT	43 - 45	15
VII.	OFFICE FOR PROJECT SERVICES	46 - 50	15
VIII.	CONCLUSIONS	51 - 52	17

Annexes

I.	UNDP organizational chart	18
II.	UNDP Statement of Purpose	19
III.	Office for Project Services	21

I. INTRODUCTION

1. In its decision 91/43 of 25 June 1991 on the senior management structure of the United Nations Development Programme (UNDP), the Governing Council, having taken note of the management consultant's report and of the Administrator's comments thereon, recognized that both were part of a continuing reform process in UNDP to ensure that its management, structure and programme evolve efficiently and effectively in response to the needs for technical cooperation in developing countries.

2. The Administrator firmly believes that UNDP must continue to lead and support the process of change in United Nations system-wide activities in the field of technical cooperation. To this end, the Administrator has in the past year made certain structural changes in UNDP as he implemented those proposals approved by the Governing Council in the context of the budget estimates for 1992-1993, as well as others which were discussed with the Council at its thirty-eighth session and which entailed no financial implications. The present report provides details of those changes and indicates the few remaining areas in which modifications are proposed. (An organizational chart is attached as annex 1.)

3. Extensive in-house consultations have taken place since the thirty-eighth session of the Governing Council on strategy, change, operational and administrative policies and the role of UNDP within the United Nations system, as well as on the management structure most conducive to improved efficiency and effectiveness. The Senior Management Meeting, held in September 1991, which was attended by all 114 resident representatives and the senior management at headquarters, provided an opportunity for the entire UNDP management team to assess the rapidly changing external environment and discuss the management of change as a major priority for the organization. At that meeting, a consultative process between headquarters and the field, of more than a year's duration, culminated in the adoption of a Statement of Purpose for the organization. The major conclusions of the meeting have been incorporated into a draft Strategy and Agenda for Change, which is currently being discussed at headquarters and with field offices. Further discussion of the issues involved has taken place during a series of informal consultations with members of the Council.

4. These discussions and associated efforts to improve effectiveness and efficiency within UNDP have been undertaken during a period of momentous change, which has propelled the United Nations to the forefront as a force for peace and conflict resolution. For the lead development agency in the United Nations system, this presents enormous responsibilities and challenges. In the past year alone, substantially increased responsibilities have been placed on the organization with no commensurate increase in resources. Such increased responsibilities, which affect both headquarters and field offices, include those arising from: the conflict in the Persian Gulf and the severe economic and social consequences for the countries of the region and many developing countries beyond the region; the sweeping changes in Eastern Europe

and the former Soviet Union and related requests for assistance in managing the transition to market economies; crises in many parts of Africa, leading to a growing role for UNDP in coordinating United Nations humanitarian relief and donor support during emergencies on an almost continuous basis, as well as increasing security-related activities; requests for assistance in reconstruction and in the process of democratization; substantive representation functions for the Secretary-General of the United Nations Conference on Environment and Development (UNCED); and the challenges posed by the human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS) pandemic. In all these areas, the resident representatives' dual function as resident coordinators have given them a key leadership role.

5. In implementing changes and making proposals for further improvements, the Administrator has kept in mind paragraph 6 of decision 91/43, and taken full account of the issues raised by the Advisory Committee on Administrative and Budgetary Questions (ACABQ), as well as the views of the Governing Council expressed in decision 91/46 of 21 June 1991. He has also avoided prejudging the possible outcome of consultations following General Assembly resolution 45/264 on the restructuring and revitalization of the United Nations in the economic, social and related fields, the potential recommendations of the upcoming triennial review of resolution 44/211 of 22 December 1989, or any other future restructuring of the United Nations system for operational activities.

6. It should be noted at the outset that the developments outlined above have led to revisions of some of the proposals submitted by the Administrator to the Governing Council at its thirty-eighth session (1991), in particular concerning the creation of a central strategy group and the implementation of the division manager concept as originally conceived. Indeed, as the present report indicates, it is proposed to achieve the desired objectives of enhanced strategy formulation and strengthened management capacity at headquarters and in the field through other mechanisms, consistent with the overall concept of strategic decentralization.

7. It is against this background that the present report responds to the specific requests to the Administrator by the Governing Council in paragraphs 5, 8, 9 and 10 of decision 91/43. In response to paragraph 5, it outlines actions taken and recommendations concerning the management structure in the areas of policy and planning, improved programme quality and accountability, enhanced management in the field and at headquarters, and external relations, indicating their potential impact on the organization. All the changes implemented to date, as well as those proposed, are within the parameters of the 1992-1993 biennial budget and involve no financial implications.

8. In response to paragraph 8 of decision 91/43, the Administrator provides detailed information on the Office of Project Services (OPS) in all the areas requested. As the response goes well beyond the subject of the present report, namely the senior management structure, details are presented in annex III. In response to paragraph 9 of decision 91/43, the Administrator

provides information on the legal status and function of the Governing Council secretariat, within the Bureau of External Relations (BER), on the basis of an opinion provided by the United Nations Legal Counsel. The issues raised in paragraph 10 of decision 91/43 concerning accountability and quality control mechanisms and project review and approval processes are covered in the section on improved programme quality and accountability. With respect to the requests contained in paragraph 7 of decision 91/43 for further information on the concepts of the division manager and the strategy group, the Administrator wishes to note that the proposals on which they were based have been considerably revised in the intervening year. All the issues raised by Member States have been addressed in the context of the sections on strategy formulation and the enhanced division chief pilot exercise.

II. POLICY AND PLANNING

9. The Administrator shares the view of the Governing Council, expressed in decision 91/43, that the policy and strategy formulation capacity of UNDP should be strengthened. He also recognizes the advantages of managerial decentralization. At the Senior Management Meeting, there was unanimity that the coherent management of change was a major priority for the organization. It was agreed that the UNDP response to the challenges of the rapidly changing external environment required a more focused and programmatic strategy. Any overall strategy must, however, be adapted to the specific circumstances of each country and take advantage of the comparative advantage of UNDP in country-specific policy and programme formulation and aid coordination.

10. It was also agreed that strategic decentralization should be the modus operandi for UNDP, being the most appropriate way to reconcile diversity with unity and national sovereignty with global concerns. The primary role of UNDP headquarters will be to continue to define strategic objectives for the organization as a whole, in consultation with the Governing Council, UNDP senior management in the field and at headquarters, and UNDP partners in the United Nations system. Having defined these strategic objectives, headquarters will support the field offices in translating them into action at the country level, by developing methodology and guidelines for flexible application in the field. As a necessary corollary to greater decentralization, headquarters will need to strengthen its capacity for ensuring accountability throughout the organization. This issue is discussed in sections III and IV below.

11. UNDP has clarified its mission, as reflected in its Statement of Purpose (attached as annex II). The Statement reflects Governing Council decision 89/20 on the role of UNDP in the 1990s, indicating that the overriding purpose and goal of UNDP is to support the attainment by developing countries of self-reliance and sustainable growth and development in accordance with national priorities and objectives. It also incorporates decision 90/34 of 23 June 1990, stressing that in order to attain self-reliance through national capacity-building and strengthening, UNDP should promote human development. In so doing, UNDP is expected to harmonize national objectives with global

concerns, including the areas of focus established in decision 90/34. It is the view of the Administrator that the application of human development as an all-embracing development strategy for UNDP will lend focus to its programme development, with the full participation and agreement of our national partners.

12. While this human-centred approach builds on past programmes and achievements, it also involves a new focus for UNDP thinking on development and implies a new substantive role for UNDP. The organization must focus on contributing knowledge, providing intellectual leadership in development and serving as a resource to assist the Governments of developing countries, at their request, to ensure that their development programmes are responsive to the needs and aspirations of their people. Within this framework, the strategic goal of UNDP during the fifth cycle will be for the field offices to evolve into development centres to assist countries in their efforts to promote human development through policy dialogue, including the preparation of country-specific human development strategies. The thrust of UNDP strategy for the 1990s is fully in accordance with the issues to be addressed by UNCED, particularly the need to build national capacity to ensure sustainability.

A. Formulation of strategy

13. In order to achieve the broadest possible participation in the formulation of strategy and to expedite decision-making on policy issues, the Administrator has established a clearer framework for policy, programme and management review, incorporating some existing mechanisms and two new bodies. These include (a) the Policy Team and the Operations Team, which meet weekly, at the level of senior and middle management respectively, to exchange information on ongoing activities and to discuss issues of common concern; (b) the Policy Planning Committee, in which new initiatives or major policy issues for submission to senior management or the Governing Council are discussed informally at an early stage of the policy formulation process. The composition of this Committee varies in accordance with the subject-matter under review and may include outside experts; (c) the Action Committee, whose role will be discussed in section III; and (d) the Management Board, composed of the Administrator, the Associate Administrator, the Assistant-Administrators and other members of senior management, as appropriate, which meets monthly as a decision-making forum. The Board also considers matters referred to it by the Action Committee and the Policy Planning Committee.

14. After wide-ranging consultations, the Administrator has revised his proposal for a centralized strategy group, believing that it will be more in keeping with the overall concept of strategic decentralization, as well as more productive and cost-effective, to work through existing offices to ensure the involvement of all parts of the organization in the development of both programme strategy and operational strategy.

15. From their respective vantage points, all units in UNDP will be expected to bring to the fore new ideas on development issues, including those emanating from programme and project evaluations and experience in the field. It will be the role of the Administrator, properly supported by his staff units, to ensure that strategic proposals developed by all units are mutually supportive and compatible with the overall human development strategy of the organization. In this regard, the staff units of the Planning and Coordination Office (PCO), the Human Development Report Office (HDRO) and the Central Evaluation Office (CEO) will assist the Administrator in his corporate strategic planning function.

16. In addition to its regular functions, PCO, which serves as the secretariat of the Action Committee and the Policy Planning Committee, will assist the Administrator in ensuring that the appropriate substantive coordination takes place among different units in UNDP. The role of PCO in the review and coordination of Governing Council documentation is also important in this regard.

17. Revised terms of reference have already been issued for HDRO, whose primary responsibility is to prepare the Human Development Reports and disseminate their findings and conclusions. HDRO will work closely with Governments, the regional bureaux, the Bureau for Programme Policy and Evaluation (BPPE) and United Nations specialized agencies to maximize cooperation in the preparation of the reports and assist these units, as appropriate, in the implementation of follow-up activities, particularly in the improvement of statistics and measurements. The Programme Development and Support Division of BPPE, which serves as a key resource for implementing strategies for human development, will support the incorporation of the human development concern into operational programmes, in particular in the identification of techniques, policy instruments and specific programmes for promoting human development. HDRO will support these BPPE activities through the findings of the Human Development Reports.

18. The longer-term strategic functions of the Administrator will be closely supported by the Bureau for Programme Policy and Evaluation, which was approved in the context of the 1992-1993 budget (see decision 91/46). BPPE is responsible for the translation of policy into thematic programmes, as well as the methodology for making them operational; this methodology is transmitted to the field by the regional bureaux. BPPE will be actively involved in the identification of policy options and issues to be discussed by the Policy Planning Committee. The close links between BPPE and the regional bureaux will ensure that a continuous two-way exchange of information takes place with resident representatives, who are responsible for translating the strategic objectives into action at the country level, and with the Bureau for External Relations (BER), through which a dialogue on strategy may be maintained with member Governments and other United Nations organizations.

B. Evaluation

19. As the Administrator indicated to the Governing Council at its thirty-eighth session (1991), he believes it necessary to strengthen the evaluation function of UNDP so that it can make a more effective contribution both to the development of strategy and to improved programme quality and accountability. The enhancement of this function should be seen in the context of the emphasis on capacity-building in the six areas of focus; the programme approach, which requires a policy-based perspective in defining technical cooperation activities; national execution, which entails self-reliance and ownership by recipient countries; and participatory development. In addition, the increased decentralization of programme and project management will require greater attention to accountability issues. All these changes require a new approach to much of UNDP work, including evaluation capacity in the organization to assess the impact, efficiency, effectiveness and sustainability of UNDP-supported projects and programmes. Further, evaluation services will be expected to contribute to the improvement and refinement of policies and strategies through forward-looking, upstream assessments and evaluations based on experience in the field.

20. A strategic planning exercise, including a work-load study, was carried out in mid-1991 to provide a rational basis for the evolution of evaluation activities over the fifth programming cycle to meet the changing needs of the organization. The analysis suggested a shift to programme, strategy and policy evaluations while maintaining support for the current arrangements for decentralized project evaluations. Bearing in mind paragraph 22 of decision 91/46, the Administrator does not believe that the strengthening of evaluation capacity necessarily requires the redeployment of posts. The use of specialized personnel in short-term consultancies may be particularly appropriate for this function. Moreover, under the programme approach, evaluation must be recognized as an appropriate charge to the total costs of a programme.

III. IMPROVED PROGRAMME QUALITY AND ACCOUNTABILITY

A. Reorganization of BPPE

21. The reorganization of BPPE, approved in the context of the 1992-1993 budget, has been effected. It has resulted in strengthened advisory and programme development functions, particularly in relation to preparations for the fifth programming cycle; the introduction of the thematic approach mandated by decision 90/34; making human development the central operational concern; and the development of concepts and guidelines on current issues, including national execution and implementation and the programme approach. The development of new concepts has involved constant interaction with agency partners and field offices.

22. The new Programme Development and Support Division (PDSD) reflects the UNDP areas of focus in technical groups; merged into the Division are the functions of the Technical Advisory Division, the Divisions for Non-governmental Organizations, the Division for Women in Development and the Management Development Programme. In close consultation with the regional bureaux and HDRO, PDSD leads the process of developing concrete ideas and recommendations, as well as sharing experience, on ways of translating into action the human development concepts which are at the heart of the UNDP strategy of intellectual leadership in development. Since the middle of 1991, all UNDP advisory notes and country programmes have been reviewed by the Policy Division of BPPE, in cooperation with PDSD and the regional bureaux concerned, in terms of the extent to which they focus on human development and the six areas of focus identified in decision 90/34. The programme database is being adapted to provide management information on the way in which country programmes and projects reflect human development concerns. In an increasingly decentralized structure, PDSD is expected to devote more time to supporting field offices, through the regional bureaux, at an early stage in programme identification and design. It will aim to develop networks of national and regional institutions which can support and serve as a resource for this purpose.

23. In order to enhance the coherence of UNDP programmes, the United Nations Capital Development Fund (UNCDF), the United Nations Sudano-Sahelian Office (UNSO), the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE), the United Nations Fund for Science and Technology for Development (UNFSTD), the Division for Global and Interregional Programmes (DGIP) and the United Nations Volunteers programme (UNV) have been attached to BPPE, reporting to the Administrator through the Assistant Administrator. While they retain their identity, specificity and integrity as funds and programmes, together with their operational functions, closer links with the core programme should result in improved policy coordination and programme coherence. In accordance with the views expressed by the Governing Council at its thirty-eighth session, the Special Unit for TCDC and the United Nations Development Fund for Women (UNIFEM) continue to report directly to the Administrator.

24. A new HIV and Development Programme has been established in BPPE to strengthen the capacity of UNDP to respond to the development challenges of the HIV epidemic in a collaborative, timely and effective manner. The programme will strengthen UNDP efforts to increase global awareness of the threat the epidemic poses to development and to support national efforts to respond to its human, social and economic dimensions. Located within DGIP, it will be responsible for coordinating and providing policy and programming guidelines for UNDP work in the field. It will carry out these responsibilities in close collaboration with the regional bureaux, UNV, the Special Funds, other programmes within BPPE, the Division of Personnel (DOP) and other units concerned. It will also be responsible for liaison with United Nations specialized agencies, Governments, non-governmental organizations (NGOs) and other concerned parties.

25. BPPE also has overall responsibility for the coordination of the Special Programming Resources (SPR), which amount to $310 million in the fifth cycle, for catalytic programmatic initiatives. Close links are maintained with the regional bureaux to ensure that these special resources are programmed to complement, reinforce and/or serve as a catalyst for activities included in country programmes. The reorganized BPPE has greater potential for generating and supporting new and better programmes since it offers hitherto unexploited possibilities for the integration of both the programme development functions and the policy development and coordination functions. This will sharpen the support to field offices through the regional bureaux in making the transition from primarily administrative coordination to substantive thematic coordination.

B. Establishment of the Division for Europe and the Commonwealth of Independent States

26. Taking into account decision 91/24 of 25 June 1991, by which the Governing Council took note of the strategy, programme thrusts and special modalities for technical cooperation in the transformation of Eastern European economies, and in light of developments relating to the Commonwealth of Independent States (CIS), the Administrator has established a separate division covering both Europe and the Commonwealth of Independent States. As indicated by the Administrator during the special session of the Governing Council in February 1992, this division will report directly to him.

C. Project and programme review and appraisal processes and internal quality control mechanisms

27. UNDP project and programme review and appraisal processes and internal quality control mechanisms have been considered by the Governing Council on a regular basis in recent years. Comprehensive reports on the nature of these processes and measures for their improvement were presented to the Council at its thirty-third (1986) and thirty-fourth (1987) sessions. At the field level, project appraisal committees (PACs), which review all projects and programmes, frequently involve external technical support, either from specialized agency partners of UNDP or from consultants financed by Development Support Services (DSS). At headquarters, PACs meet regularly in the regional bureaux, as well as in OPS, UNCDF and the Trust Funds, with broad participation from throughout the organization, to review project and programme proposals involving UNDP contributions over $700,000 or which pose complex policy or technical issues, prior to presentation for approval by the Action Committee.

28. The Action Committee, chaired by the Administrator, reviews country, regional, interregional and global indicative planning figure (IPF)-funded projects not covered by the authority delegated to resident representatives, as well as all projects funded by programmes and funds, other than UNIFEM, under the authority of the Administrator. It also considers UNDP advisory

notes, country programmes, as appropriate, and mid-term reviews, which are a key mechanism for ensuring programme quality. The Governing Council received detailed reports on the conduct and findings of the reviews during the fourth cycle, as well as an evaluation of the process itself. The Administrator believes that this system has improved the overall quality of projects and ensures that key policy thrusts are built into UNDP activities.

29. The results of evaluation are constantly brought to bear on current activities through the participation of CEO in PACs and the Action Committee and through the dissemination of the CEO publications "Findings" and "Feedback". "Findings" contains information on specific reviews and evaluations managed by CEO. "Feedback", a new publication introduced in December 1991, aggregates and analyses accumulated evaluation expertise collected in the CEO database with a view to making it readily accessible to management and operational colleagues. The sectoral and thematic evaluation analysis which CEO provides in "Feedback" includes lessons learned and recommendations based on UNDP expertise in specific areas and should contribute to improved design of future projects and programmes.

D. Decentralization

30. As mandated by the General Assembly and the Governing Council, the organization has continued to decentralize authority both within headquarters and from headquarters to the field in the areas of personnel and financial administration. In the past year, the Bureau for Finance and Administration (BFA) has taken steps to increase the delegation of authority to resident representatives in the management of field office administrative budgets. Resident Representatives have been given the authority to redeploy allotments; this has provided a new incentive to them as managers to redeploy resources in the most effective manner possible. It should also lead to a reduction of certain aspects of the work of the Budget Section, Division of Finance (DOF) and enable more analytical and management-oriented functions to be performed. The Director of BFA has also stressed that accountability is the corollary of delegation and has emphasized the personal responsibility and financial liability of all UNDP staff. Draft office automation standards and guidelines produced jointly with the field have introduced a further element of flexibility in field office management. Operationally, OPS has taken steps to increase field-level authority in the execution of projects for which it is responsible (see sect. VI). The Director of DOP, having decentralized many aspects of personnel administration to resident representatives, has delegated further signatory authority within DOP for a significant number of salary allowance and travel-related actions.

31. With respect to changes in the delegation of approval authority, the only modifications to existing policy made to date have been on a pilot basis, in the context of enhanced divisional management, which the Administrator has instituted in two subregions. Within these subregions the approval authority of resident representatives has been increased, on an experimental basis, from $700,000 to $1 million, and that of the Directors of the regional bureaux to

$3 million. The implementation of these measures on an organization-wide basis will depend on the pilot results, detailed information on which is contained in section IV.

32. The Administrator believes that a number of initiatives currently under way will assist in strengthening quality control and accountability in an increasingly decentralized organization moving from an externally managed project approach to a nationally managed programme approach. These include the strengthening of feedback mechanisms, such as monitoring, evaluation and programme management audit as well as the introduction of effective information systems. Likewise, the importance of a strong internal audit function is clearly recognized. Care is being taken to ensure that delegation or decentralization is preceded by analysis of functions and activities to ensure that appropriate accountability mechanisms and checks and balances are built in. Delegation and decentralization are supported by a number of mechanisms such as Roving Finance Officer missions and Operations Managers in the field. The findings of the reviews of programme-related functions and administrative and business processes, conducted by the Programme Functions Study and the Integrated Administrative Systems Project (IAS), respectively, should also assist the Administrator in further rationalization and streamlining while upholding quality and accountability.

33. On the basis of the favourable results achieved by the pilot exercises conducted since September 1990 in the Division for Humanitarian and Management Service (DAMS), the Division for Management Information Services (DMIS) and DOP of the total quality approach, the Administrator has decided to extend the programme throughout the organization. A staff member has been assigned to coordinate this approach on a full-time basis and training activities in this area will be carried out over the next three years.

34. Increased delegation of authority must be supported by strong substantive programme management linked to targets and goals, increased training and enhanced performance appraisal of field managers. The UNDP human resources strategy continues to focus on improving the quality of the organization's major resource - its personnel - through modern recruitment techniques, management skills development, and enhanced performance and career development policies. These include the very selective Management Trainee Programme, under which approximately 135 highly qualified young professionals, of whom 60 per cent are women, have joined the organization over the last four years and have provided significant substantive support to field offices. Other measures include a new annual work planning and performance appraisal system introduced in 1990, following extensive training in field offices, and a major management skills training programme for all senior and middle management. Further training is envisaged in project and programme design, accompanied by measures to reflect the acquisition and application of these skills in performance appraisals for programme staff.

IV. ENHANCED MANAGEMENT AT HEADQUARTERS AND IN THE FIELD

35. Following the Senior Management Meeting and further informal consultations with Governing Council members, the Administrator has revised his proposal with respect to the Division Manager concept. Consequently, the specific requests relating to this function in paragraph 7 of decision 91/43 have been superseded. The Administrator is instead testing another means of achieving enhanced divisional management, aimed at improving the quality of programme design and delivery and resource management in accordance with the expectations of Member States.

36. This means is currently being conducted on a pilot basis by two Division Chiefs, one in the Division for Central America in the Regional Bureau for Latin America and the Caribbean (RBLAC) and one in the Division for West Africa-Coastal in the Regional Bureau for Africa (RBA) under the guidance of the respective Bureau Directors. Its terms of reference were drawn up by a working group that included senior field managers and discussed at subregional cluster meetings of the 13 resident representatives concerned and the two Division Chiefs. Within the context of strategic decentralization, they seek to sharpen the quality of divisional and field office management, addressing such problems as unevenness in field office capacity and performance, slow project formulation and appraisal, gaps in field office staffing, and inadequate communication between field offices and headquarters on policy, programme and administrative issues. This involves changing emphases in the relationship between field offices and headquarters with regard to collaborative goal-setting and work planning, more systematic support and facilitation for field offices in both programme and administrative matters, mutual performance monitoring and feedback and a further measure of decentralized project approval authority.

37. Specific elements of the pilot for the 13 resident representatives and two divisions/bureaux concerned are:

(a) Resident representatives are accorded programme/project approval authority up to a ceiling of $1 million; Bureau Directors have within their discretion programme/project authority/revisions up to $3 million;

(b) Division Chiefs review, in collaboration with each resident representative, annual field office work plans and individual performance plans; prepare relevant Division support plans; monitor and provide feedback on those plans with resident representatives; and with the Bureau Directors, prepare Performance Appraisal Review (PAR) reports for the resident representatives;

(c) Regional Bureaux Directors ensure that the Division Chiefs are provided with appropriate administrative budget resources and clearance authority for international staffing assignments in the field offices concerned;

(d) Other headquarters central units, including BPPE, DOP, BFA, DAMS and DAMR, ensure that designated focal points are in place to support divisional requests on a timely basis.

38. These measures do not involve any change in the relationship between Governments and the Regional Bureaux, nor between resident representatives and Bureau Directors. They do not affect the authorized budget and staffing table for 1992-1993.

39. The pilot scheme is being monitored by the Bureaux concerned, as well as the 2 Division Chiefs and the 13 resident representatives involved. The results will be reviewed and assessed by the Division for Audit and Management Review (DAMR), CEO and a group of designated senior resident representatives. In this assessment, a core of basic elements will be surveyed, such as programme quality, policy dialogue and staff planning and budget management. Also to be examined are: (a) the impact of delegation of approval authority on programme and project quality; (b) the ratio of staff time in the pilot divisions spent performing substantive programme functions relative to administrative and servicing functions; and (c) the capacity of headquarters central units for the efficient delivery of cost-effective support services to the pilot field offices.

40. The Administrator will provide the Governing Council with an assessment of the exercise at its current session.

V. EXTERNAL RELATIONS

41. The Bureau of External Relations has been established, incorporating the Division of External Relations (including the Governing Council secretariat), the Division of Public Affairs (previously the Division of Information), the Resource Mobilization Unit, the UNDP Office in Geneva and the liaison offices in Tokyo and Washington. By combining these organizational units into one Bureau, the Administrator intends to achieve a level of synergy that will enable UNDP to respond effectively to the need to increase public awareness of UNDP, as recognized in Governing Council decision 90/14.

42. The main task of the new Bureau is to sharpen the image of UNDP. To achieve this, it seeks to identify and encourage constituencies that will sustain and support UNDP activities and goals; build up a more effective resource mobilization strategy; strengthen UNDP links with Governments, the United Nations system, and other intergovernmental bodies; and improve and expand relationships with parliamentarians, NGOs, media, academia, the private sector and the public at large.

VI. LEGAL STATUS OF THE GOVERNING COUNCIL SECRETARIAT

43. Pursuant to paragraph 9 of decision 91/43, the Administrator sought the advice of the United Nations Legal Counsel on the legal status and functioning of the Governing Council secretariat. The Legal Counsel confirmed that the administrative unit referred to as the "Governing Council secretariat", which consists of staff appointed by the Administrator and assigned by him to service the Governing Council, is part of the secretariat of UNDP and, as such, under the authority of the Administrator. That unit and its staff do not enjoy any separate status from other units or staff of the Programme by virtue of servicing the Governing Council. Thus, the characterization of that unit in paragraph 9 of decision 91/43 as "also being the secretariat for the United Nations Population Fund and the Department of Technical Cooperation for Development of the United Nations Secretariat" does not reflect its true legal status.

44. The Legal Counsel concluded that the Administrator is empowered to make organizational arrangements for his staff, including those who perform secretariat functions for the Governing Council. Except where the General Assembly has expressly specified direct reporting lines, as in the case of the regional bureaux, the Administrator has the discretion to decide on the reporting lines for the staff under his authority or the divisions to which they are assigned.

45. In the light of the opinion of the Legal Counsel and the Administrator's belief that the modified reporting relationship inherent in the structure of the Bureau of External Relations will ensure a more coherent approach to the organization's external relations, and entail no financial implications, the Administrator has exercised his prerogative to create the new bureau structure, as indicated above.

VII. OFFICE FOR PROJECT SERVICES

46. Paragraph 8 of decision 91/43 requested detailed information on a wide range of issues relating to the Office for Project Services. The Administrator provides below information on matters relating to OPS and the senior management structure. Information pertaining to other aspects of the operations of OPS is contained in annex III.

47. During 1991, OPS underwent a thorough internal management review that has laid the foundation for a comprehensive restructuring, taking into account all outstanding recommendations of the detailed management study on OPS of 1988, as well as the comments of the auditors and ACABQ. It has sought to anticipate the trend towards increased national execution and implementation, the need for decentralization and the support costs successor arrangements. The restructuring has also addressed issues raised in the report entitled A Strategy-Based Senior Management Structure for the United Nations Development Programme, while recognizing that it did not provide an in-depth analysis of OPS. Certain of the broader concerns raised vis-à-vis the role

and strategy for OPS can be addressed only in a wider United Nations context. In this respect, the current study being undertaken on options of closer cooperation between the Department of Technical Cooperation for Development (DTCD) and UNDP in response to decision 91/38 is relevant. UNDP has, to date, been in a position to respond to these issues only to the extent that they could be considered within a UNDP context.

48. The OPS restructuring fully reflects the fact that OPS is an integral part of UNDP and carries out the mandate for direct project execution and implementation given to the Administrator. As part of UNDP, OPS executes and/or implements projects and programmes funded by UNDP core funds, United Nations and UNDP Trust Funds and by other bilateral and multilateral donors through Management Services Agreements (MSAs). In 1991, OPS handled a portfolio of projects with budgets totalling $952 million, of which $506 million were budgeted for 1991: $247 million (49 per cent) by UNDP core funds, $113 million (22 per cent) by United Nations and UNDP Trust Funds, and $146 million (29 per cent) by MSAs. The projects financed by UNDP core funds include cost-sharing projects, a factor which inflates the share of OPS execution of UNDP-funded projects; net of cost-sharing, the OPS share is about 11 per cent of the total. OPS is not a specialized agency and is building expertise only in the form of management expertise, i.e., the management and coordination of project inputs.

49. The main objectives of the OPS restructuring are to improve the speed and quality of its responsiveness, to increase operational efficiency, to strengthen strategic planning and to facilitate decentralization. In order to achieve these objectives, a number of changes have been implemented. OPS has restructured its operations divisions from a purely sectoral structure to a mixed structure combining a regional focus with clustering of management expertise in certain areas. This will facilitate the cooperation between OPS, field offices, bureaux and external partners. It will also be conducive to decentralization. OPS has obtained additional delegation of authority from UNDP central services, particularly with respect to procurement and recruitment. This, combined with expanded delegation to the field and the streamlining of rules and procedures, should increase operational efficiency. OPS is in the process of establishing an integrated OPS information system which will significantly facilitate project budget management, a main area of weakness identified by the Auditors and noted in Governing Council decision 91/47 and General Assembly resolution 46/183 of 20 December 1991. OPS is implementing various decentralization pilot schemes and is continuously seeking ways of increasing delegation to the field so as to bring the management of project implementation closer to the country level. This will improve the cost-efficiency of its operations as well as facilitate capacity-building in national Governments and institutions. Decentralization and delegation are being undertaken in recognition of the need to ensure full accountability and to maintain a distinction between programming and execution/implementation roles.

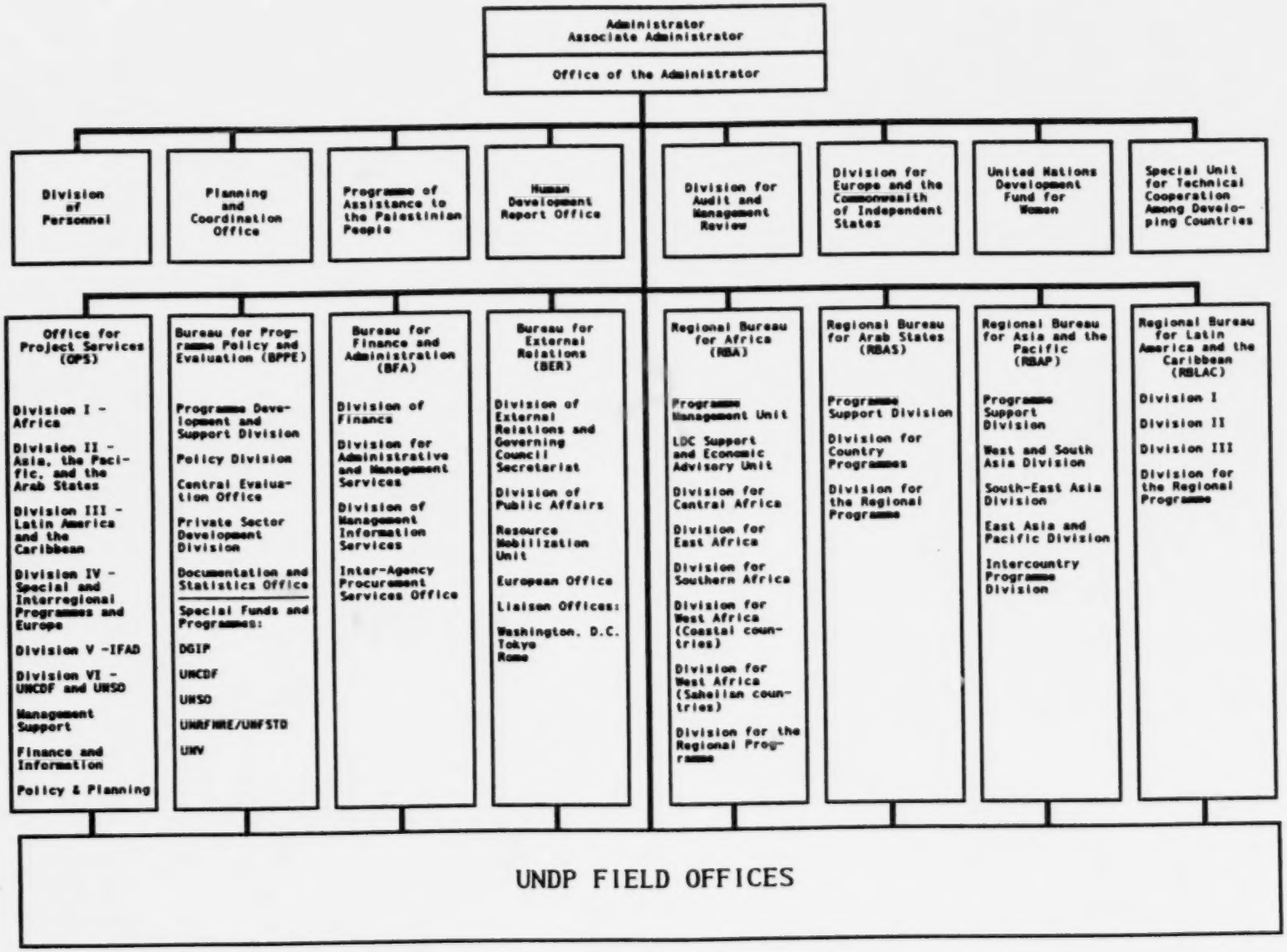
50. Given the size, volume and nature of its activities, OPS is headed by an Assistant Administrator reporting directly to the Administrator. In response to concerns raised by the Governing Council, OPS has developed a strategy of consolidation and manageable growth, one aspect of which is the adoption of a new project acceptance policy, based on the criteria of added value, quality delivery and transfer of skills, as appropriate. In 1991, the number of new projects accepted declined from 450 to 410, with the total value of project budgets marginally lower than in the previous year. In addition, as urged by the External Auditors, a systematic effort was made to prune the overall portfolio and change the status of many projects from active to operationally or financially completed. As a result, the total number of active projects under OPS management has been substantially reduced, leading to a more realistic number of projects per Project Management Officer. As part of the new acceptance policy, OPS is also seeking more actively to expand its coopération with the United Nations specialized agencies through inter-agency agreements and to achieve better understanding of comparative strengths and an optimal division of labour.

VIII. CONCLUSIONS

51. The Administrator believes that UNDP, with the restructuring described above and with a clearly defined mission, focused strategic approach and strengthened management capacity, is in a strong position to respond to the increasing development challenges facing the international community. He believes that the changes made, as well as the other modifications proposed, have and will contribute significantly to increased effectiveness, efficiency and accountability.

52. Any strong organization - whether public or private - must go through periods of reflection, renewal, restructuring and change - or it will cease to be relevant and strong. Change is a continual process at UNDP. The Administrator intends to keep under review the functioning of the organization in relation to its objectives to ensure the most effective management of development and of the human and financial resources devoted to it. It is time now, however, to consolidate the changes made and move forward to address the enormous responsibilities and opportunities inherent in this new era - to translate the vision into policies and programmes that will make a difference. As the lead development agency in the United Nations system for operational activities, working in more than 150 developing countries and territories through its network of 114 field offices, UNDP will strive to ensure more effective use of the Programme's capabilities and comparative advantages and to provide improved quality of service to all countries in a rapidly changing world.

UNDP ORGANIZATIONAL CHART


Administrator
Associate Administrator
Office of the Administrator
Division of Personnel
Planning and Coordination Office
Programme of Assistance to the Palestinian People
Human Development Report Office
Division for Audit and Management Review
Division for Europe and the Commonwealth of Independent States
United Nations Development Fund for Women
Special Unit for Technical Cooperation Among Developing Countries
Office for Project Services (OPS)
Division I - Africa
Division II - Asia, the Pacific, and the Arab States
Division III - Latin America and the Caribbean
Division IV - Special and Interregional Programmes and Europe
Division V -IFAD
Division VI - UNCDF and UNSO
Management Support
Finance and Information
Policy & Planning
Bureau for Programme Policy and Evaluation (BPPE)
Programme Development and Support Division
Policy Division
Central Evaluation Office
Private Sector Development Division
Documentation and Statistics Office
Special Funds and Programmes:
DGIP
UNCDF
UNSO
UNRFHRE/UNFSTD
UNV
Bureau for Finance and Administration (BFA)
Division of Finance
Division for Administrative and Management Services
Division of Management Information Services
Inter-Agency Procurement Services Office
Bureau for External Relations (BER)
Division of External Relations and Governing Council Secretariat
Division of Public Affairs
Resource Mobilization Unit
European Office
Liaison Offices:
Washington, D.C.
Tokyo
Rome
Regional Bureau for Africa (RBA)
Programme Management Unit
LDC Support and Economic Advisory Unit
Division for Central Africa
Division for East Africa
Division for Southern Africa
Division for West Africa (Coastal countries)
Division for West Africa (Sahelian countries)
Division for the Regional Programme
Regional Bureau for Arab States (RBAS)
Programme Support Division
Division for Country Programmes
Division for the Regional Programme
Regional Bureau for Asia and the Pacific (RBAP)
Programme Support Division
West and South Asia Division
South-East Asia Division
East Asia and Pacific Division
Intercountry Programme Division
Regional Bureau for Latin America and the Caribbean (RBLAC)
Division I
Division II
Division III
Division for the Regional Programme
UNDP FIELD OFFICES

.../

ANNEX II

STATEMENT OF PURPOSE

WE THE PEOPLES OF THE UNITED NATIONS DETERMINED

... to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small,

... to promote social progress and better standards of life in larger freedom, and for these ends

... to employ international machinery for the promotion of the economic and social advancement of all peoples, have resolved to combine our efforts to accomplish these aims ...

From the Preamble to the Charter of the United Nations

THE UNITED NATIONS DEVELOPMENT PROGRAMME

STATEMENT OF PURPOSE

UNDP promotes human development. We seek to create opportunities through which people's abilities, talents and creativity can find full expression. We aspire to a world where people can better their lives in a manner of their own choosing. We recognize that development today must safeguard the options of future generations.

UNDP invests in people. We help countries to develop the capacity to manage their economies, fight poverty, ignorance and disease, conserve the environment, stimulate technological innovation, and recognize and enhance the contributions of women to society.

UNDP builds partnerships to foster human development. We forge alliances with the people and Governments of developing countries, with the donor community, with the specialized agencies of the United Nations, and with private institutions and non-governmental organizations.

UNDP works in more than 150 developing countries and territories. Through our world-wide network of offices - and in dialogue with Governments and other development partners - UNDP supports programmes for human development. These spring from national priorities and are shaped by local culture. Beyond this, UNDP manages an increasingly diverse range of development services through its country offices.

UNDP plays a leading role in coordinating the development efforts of the United Nations system. In times of disaster - natural or human - UNDP helps orchestrate the United Nations response in the field.

UNDP operates across national boundaries. We sponsor programmes that are regional, interregional and global in scope. We promote the sharing of experience among developing countries and draw international attention to issues of global concern.

UNDP is universal and politically neutral. We receive voluntary contributions from nearly every country in the world. In allocating these resources, UNDP favours the poorest countries.

UNDP is people serving people. We are men and women, from all parts of the world, who value the qualities of professionalism, leadership and integrity. In the years ahead, UNDP will strive for excellence and prepare for change. We will advocate the full participation of all people in the pursuit of human progress.

ANNEX III

OFFICE FOR PROJECT SERVICES

1. The present annex has been prepared in response to the request of the Governing Council contained in paragraph 8 of decision 91/43 for "information on the Office for Project Services, including all its activities in relation to the role of the United Nations Development Programme in the United Nations development system, taking into account the comments of the Advisory Committee on Administrative and Budgetary Questions, the new support cost arrangements, renewed emphasis on national capacity-building and national execution, the findings of the Board of External Auditors and internal management analysis of the United Nations Development Programme". Many of these issues have also been dealt with in recent reports or are being answered in other documents before the Council at its current session.

2. The Administrator refers to his report on the role and functions of the Office for Project Services (DP/1989/75) for a description of the evolution, role and functions of OPS, certain parts of which were based on the detailed management review undertaken in 1988 by independent consultants; to the report of the Secretary-General on United Nations technical cooperation activities (DP/1992/35) for OPS activities in relation to the role of UNDP in the United Nations development system; to his report on the status of management services agreements (DP/1992/43); and to the revised budget estimates for the biennium 1992-1993 (DP/1992/40) for questions related to the OPS budget, including general responses to the comments by ACABQ and the Board of External Auditors. Specific answers to the questions raised by the Board of External Auditors are provided in the note by the Administrator on audit reports (DP/1992/42). The implications of the support cost successor arrangements for OPS are provided in DP/1992/23. Issues related to OPS in the context of UNDP senior management structure are dealt with in the present document. More detailed information and statistics concerning OPS operational activities are contained in the OPS 1991 year-end report, which is available to the Governing Council.

3. Presented below are: (a) a brief overview of OPS activities and an analysis of the growth of OPS in recent years; (b) the process for acceptance of projects for OPS execution and implementation; (c) the role of OPS in national execution; and (d) the plan for decentralization of OPS as part of the broader UNDP decentralization strategy.

I. OPS ACTIVITIES AND GROWTH

4. As stated in the UNDP Programme and Projects Manual, the types of UNDP-funded projects which are given to OPS for execution include "(a) interdisciplinary and multi-purpose projects; (b) projects which do not fall within the competence of any individual agency; (c) individual projects which require general management and direction rather than expert sectoral

guidance; and (d) projects to which UNDP can bring special assistance in the form of particular financing or investment follow-up arrangements." For these four categories of projects, OPS provides a full range of management services, from the overall coordination and management of projects to specific support services such as procurement, recruitment, fellowships/training, contracting and subcontracting.

5. A large proportion of the projects handled by OPS are multisectoral and most require mainly managerial rather than technical inputs. The sectoral nature of the OPS project portfolio is therefore not easily determined. According to the standard classification of projects, the distribution of OPS project expenditures for UNDP core funds in 1990 is as follows: 47 per cent in the sector of general development, policies and planning (this sector includes a large proportion of multisectoral projects that do not fit in elsewhere and for which a separate category was established in January 1992); 16 per cent in agriculture, forestry and fisheries; 5 per cent in natural resources; 4 per cent in health; 3 per cent in industry; 3 per cent in education; 2 per cent in employment; 1 per cent in international trade and development finance; and 19 per cent in other sectors.

6. About half of the OPS portfolio - some 1,700 projects with a total value of $1.8 billion - is funded by UNDP core resources, while the other half consists of projects funded by bilateral and other multilateral donors. The growth in recent years, illustrated by an increase in yearly approved budgets from a level of $156 million in 1986 to $506 million in 1991, has been more or less equally shared between core and non-core resources. The proportion of UNDP core-funded project expenditures - not country cost-sharing - held by OPS has increased from 9 per cent in 1988 to an estimated 11 per cent in 1991.

7. Given its mandate and the type of services offered by OPS, its portfolio has inevitably increased with the changing patterns of development cooperation over the last decade. These changes include: (a) the trend towards multisectoral projects; (b) the growing number of projects outside the traditional areas of the specialized agencies; (c) the increasing diversity of the needs of developing countries, which has required greater flexibility and adaptability on the side of the executing and implementing parties; and (d) the growing national capacities for the execution and implementation of projects, which have led to an increase in demands for well-defined services that require specific, timely action on the part of the executing/implementing party as opposed to traditional comprehensive project execution. The last point is illustrated by the fact that over 70 per cent of OPS IPF-funded projects are of this nature, i.e., specific services, often to be provided within a limited time period, with a total value per project of less than $300,000.

II. OPS PROJECT ACCEPTANCE POLICY

8. The initial selection of execution and implementation modalities for UNDP-funded projects and programmes is made in the field in a joint consultative process involving the Government, the UNDP field office and the United Nations specialized agencies. This choice is normally reviewed by the relevant UNDP regional bureau. The ultimate authority for the determination of executing agency lies with the Administrator. When the modality of UNDP direct execution through OPS is preferred, this has to be justified to the agencies through a consultative process described in the Programme and Projects Manual. The determination of optimal execution and implementation modalities is based on a number of factors, in some cases including the experience of the Government with the various organizations that are potential executing agencies.

9. OPS is not usually involved in the process of determining execution arrangements and receives a project proposal only when UNDP and the Government have already decided that OPS is the optimal choice for the project in question. This decision is based on one or more of the following factors:

(a) Substantive area. OPS may be chosen to execute a project that is not fully within the sectoral area of competence of another United Nations executing agency, particularly if the project is multisectoral;

(b) External expertise. OPS may be chosen to execute a project when expertise is needed that is not available in the United Nations system in either the quantity or the quality required (i.e., necessary inputs can be found only outside the United Nations system, in the public, private or semi-private sector);

(c) Nature of inputs. OPS may be chosen to execute a project that entails only managerial services or management support services rather than comprehensive or technical execution.

10. In order to control and manage the growth of its portfolio, as well as to introduce a check mechanism from the point of view of experienced project management, OPS adopted a selective project acceptance policy in October 1991. This policy is designed to screen out projects for which OPS does not provide any added value, for which OPS does not have the capacity to provide the quality of services required, or for which there is no element where OPS can transfer execution and implementation skills and know-how (as appropriate) to the recipient country. Furthermore, based on its knowledge and experience, OPS will accept a project only if it considers that it can be implemented, i.e., that the combination of resources available and inputs to be provided can achieve the desired outputs, taking into account the conditions prevailing at the project site. Following the adoption of the new acceptance policy, a number of projects presented to OPS were referred to Governments for national execution or to the United Nations agencies.

11. OPS expertise lies in the area of management and management support and does not duplicate the more technical expertise of the United Nations specialized agencies. OPS, therefore, complements rather than substitutes for the agencies. As part of its new acceptance policy, OPS has renewed its efforts to utilize the technical expertise of the agencies for the implementation of components of OPS-executed projects. In 1990, OPS entered into 111 inter-agency agreements, representing a total value of $22.7 million. Although the value of inter-agency agreements is not yet very significant, it still represents a large increase from $3 million in 1988. The new support cost arrangements further emphasize the complementary nature of OPS project involvement since OPS has access only to the reimbursement of Administrative and Operational Services (AOS), unlike the agencies, which have access to the Technical Support Services (TSS-1 and TSS-2).

III. NATIONAL EXECUTION

12. OPS is one of many parties which will assist Governments and national institutions in taking on project execution and implementation responsibilities (please refer to document DP/1992/21). In the move towards increased national execution, OPS aims to strengthen national implementation capabilities and gradually transfer its expertise in management and management support services to recipient countries. OPS is ready to provide selective services as well as comprehensive project execution, as requested by the recipient countries. This flexibility was reflected in 1988 in the change in name from Office for Project Execution to Office for Project Services. Seen in the context of national execution, OPS involvement in projects could be threefold:

(a) Support to nationally executed projects. As implementing agency, OPS assists the executing government/national institution with project implementation through the provision of services such as the administration of funds and financial reporting to UNDP, the provision of certain specified inputs and the provision of full project management;

(b) Direct capacity-strengthening. OPS assists in assessing national execution and implementation capacities, identifying individual areas of weakness. Based on this assessment, OPS can assist in the design and implementation of projects (executed by OPS or nationally) at the country and/or regional levels that are directly aimed at strengthening national execution and implementation capacities;

(c) Indirect capacity-strengthening. OPS assists in building specific implementation capacities in the process of executing and implementing projects with wider main objectives.

13. Any involvement by OPS in nationally executed projects, as well as in any other project, will depend on the demand of the recipient countries. The seven different reimbursement rates under the new support cost arrangements for UNDP core-funded projects apply equally to the different categories of

services provided by OPS as well as those provided by the five largest United Nations agencies. Thus, the choice of executing and/or implementing agent will not be based on financial considerations but solely on considerations of quality.

IV. DECENTRALIZATION

14. From the OPS point of view, ideal project execution and implementation is undertaken as close to the project site as possible. This improves project monitoring and facilitates the day-to-day servicing of the project; it also enlarges the possibilities for transfer of execution and implementation capacity to the country. However, for reasons such as economy, quality control, accountability, reporting and access to information, there remain advantages in keeping certain functions central. As part of the overall UNDP strategy for further decentralization, and in response to numerous recent demands from field offices as well as to increase its cost-efficiency, OPS is presently seeking further decentralization and delegation to the field.

15. In the decentralization of OPS, a number of factors are taken into account: (a) it must be undertaken on a case-by-case basis, adapted to the specific needs of the individual countries/subregions and field offices; (b) it must contribute to and not impede national execution capacity-building; (c) to be effective, it must be accompanied by delegation of authority while at the same time ensuring full accountability; (d) a distinction must be maintained between the roles of programming and planning as opposed to execution and implementation.

16. OPS is studying and testing, on a pilot basis, a number of decentralization options. The options fall into four main categories:

(a) Delegation to and reinforcement of the field office to assume more of the administrative and logistical services related to OPS project implementation with full cost reimbursement;

(b) Outposting of OPS Programme Management Officers (PMOs) on a country or subregional basis, separate from the field offices. PMOs will perform management tasks related to the OPS portfolio in the country or subregion, with a view to the gradual transfer of responsibilities and capacities to the country;

(c) Establishment of a programme management unit within or outside the government structure, using existing structures wherever feasible. In principle, the unit should be a national entity or an integral part of the Government, but it may initially require international staff to build capacities and transfer skills as necessary;

(d) Establishment of a broad country programme management project, designed to assist in the implementation of a programme comprising a range of projects. There will be a built-in element of capacity-building.

17. Any decentralization of OPS will take place following consultation with the Governments, the individual resident representatives, the relevant regional bureaux, and in line with the overall strategy for further decentralization of UNDP as well as with the strategy for increased national execution. A decentralized OPS will maintain the same role and mandate as the present centralized OPS.